



UNITED STATES  
OFFICE OF PERSONNEL MANAGEMENT  
WASHINGTON, D.C. 20415

Office of the Director

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MEMORANDUM FOR THE CABINET COUNCIL ON MANAGEMENT AND ADMINISTRATION

FROM: Donald J. Devine  
Director

SUBJECT: Contract and Procurement Standards

I. CONTROVERSY OVER STANDARDS

Every standard and classification decision has led to a protracted argument over how high the occupation should be rated. Standards and classification have been given the blame if social security checks could not be sent to old people, for denying Americans their right to a passport, for endangering federal highway programs, for being unsympathetic to safety concerns in the creation of standards for engineers, and for sexist bias in the librarian standards. Now they are being accused of undermining procurement efforts in the Government, and even of jeopardizing national defense.

II. WHY ARE STANDARDS CONTROVERSIAL?

The higher the Factor Evaluation System (FES) score for standards, the higher the grade of the position, and consequently the higher the salary. Pressure not only comes from the occupation affected within the Federal Government but also from the private sector and state governments, since the FES standards are often used as a model by them. Large amounts of money and occupational interests generate controversy.

III. THE COSTS OF STANDARDS PRESSURE

Two comprehensive OPM studies have found that overgrading costs the Government \$600 million per year under present standards. In addition, OMB has estimated that the related problem of poor position management may add another \$8 billion. The special interests created this situation through pressure politics during past Administrations. The question is whether such waste will continue under this one.

IV. HOW SHOULD STANDARDS BE SET?

The Job Evaluation Policy Act requires that OPM base its standards decisions on the objective criteria of the FES, after consulting the agencies. FES is a widely accepted method for making evaluations, and correlates .9 with the Hay private-sector system.

## V. THE CONTRACT AND PROCUREMENT STANDARDS

The contract and procurement community, like every other interest involved in this area, claims that OPM is unfairly dealing with its different problems, and claims that we do not understand their uniqueness. Every occupation is unique, but OPM has applied the objective criteria of the FES and has consulted extensively with the agencies. OPM now is ready to make a decision.

## VI. THE ISSUES

The real issues, from OPM's standpoint are: (1) the Contract series cannot be described (under professional FES standards) at the highest knowledge factor-level of 1-9, and (2) it does not require the credentialing of a baccalaureate degree to qualify for the occupation. The underlying problem is that the contract and procurement community wants higher grades than exist at present. The standard desired by the Office of Federal Procurement Policy (OFPP) in OMB has been tested by OPM. It would result in an across the board upgrading of 70 percent of contract positions, an increase of 3 percent at the highest grade, and a further upward push at all higher grades.

## VII. RECOMMENDATION

Approval of the OFPP Contract standard would violate all four principles of OPM standards policy: reliance upon FES rather than pressure to make professional classification decisions (Job Evaluation Policy Act of 1970); eliminating unnecessary credentialing (OPM policy as stated in Congressional hearing 9-30-82, regarding equal pay for women); proper use of factor 1-9 (see FPM Bulletin 511-1 dated 9-17-82); and controlling the cost of overgrading (OPM memorandum dated 10-1-81). Approval of the OFPP standards would leave OPM without a defensible standards policy, which would inevitably lead to even greater overclassification of every evaluated occupation in the Government.

## VIII. OPTIONS

1. The present standard \_\_\_\_\_.
2. The OPM revised standard \_\_\_\_\_.  
(OPM recommendation)
3. The OFPP standard \_\_\_\_\_.  
(OFPP and agency recommendation)
4. Defer the decision to OPM \_\_\_\_\_.